

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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8-67090

**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 05/01/2019 AND ENDING 04/30/2020  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **Lockton Financial Advisors, LLC**

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

**444 W 47th Street, Suite 900**

OFFICIAL USE ONLY
137476
FIRM I.D. NO.

(No. and Street)

**Kansas City**

**MO**

**64112**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Deirdre Patten

281-419-6030

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**Brown Smith Wallace, LLP**

(Name - if individual, state last, first, middle name)

**6 City Place Drive, Suite 900 St. Louis**

**MO**

**63141**

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

☒  
☐  
☐

Certified Public Accountant

Public Accountant

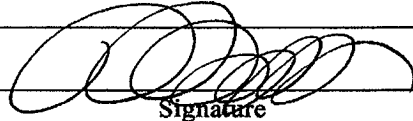
Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

## OATH OR AFFIRMATION

I, Pamela Popp, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Lockton Financial Advisors, LLC, as of April 30, 2020, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

  
Signature

President

Title

Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss) or, if there is other comprehensive income in the period(s) presented, a Statement of Comprehensive Income (as defined in §210.1-02 of Regulation S-X).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☒ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

**LOCKTON FINANCIAL ADVISORS, LLC**

**Financial Statements and Supplementary Information**

**April 30, 2020**

**(With Report of Independent Registered Public Accounting Firm Thereon)**



THE FIRM FOR GROWTH.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors  
Lockton Financial Advisors, LLC  
Kansas City, Missouri

### Opinion on the Financial Statements

We have audited the accompanying balance sheet of Lockton Financial Advisors, LLC (a Missouri limited liability company, the "Company") as of April 30, 2020, the related statements of operations, changes in members' equity, and cash flows for the year then ended, and the related notes and schedules (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of Lockton Financial Advisors, LLC as of April 30, 2020, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of Lockton Financial Advisors, LLC's management. Our responsibility is to express an opinion on Lockton Financial Advisors, LLC's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to Lockton Financial Advisors, LLC in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### Auditor's Report on Supplemental Information

The supplemental information included at pages 11 - 13 has been subjected to audit procedures performed in conjunction with the audit of Lockton Financial Advisors, LLC's financial statements. The supplemental information is the responsibility of Lockton Financial Advisors, LLC's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with 17 C.F.R. §240.17a-5. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have served as Lockton Financial Advisors, LLC's auditor since 2017.

*Brown Smith Wallace, LLP*

BROWN SMITH WALLACE, LLP  
St. Louis, Missouri  
June 25, 2020

**LOCKTON FINANCIAL ADVISORS, LLC**

**Balance Sheet**

**April 30, 2020**

**Assets**

Cash and cash equivalents	\$ 3,407,377
Accounts receivable:	
Commissions and fees receivable	204,951
Producer members receivable	117,952
Prepaid expenses	80,924
Other assets	5,000
	<hr/>
Total assets	\$ 3,816,204
	<hr/> <hr/>

**Liabilities and Members' Equity**

Producer members payable	\$ 390,308
Payable to affiliates, net	667,573
Accrued expenses:	
Interest	5,897
Cancellation reserve	52,323
Producer unit purchases	148,098
Deferred revenue	7,319
	<hr/>
Total liabilities	1,271,518
Members' equity	2,544,686
	<hr/>
Total liabilities and members' equity	\$ 3,816,204
	<hr/> <hr/>

See accompanying notes to financial statements.

**LOCKTON FINANCIAL ADVISORS, LLC**

**Statement of Operations**

**Year ended April 30, 2020**

**Revenue:**

Commissions and fees	\$ 7,696,741
Contingent commissions	78,452
Interest and other income	<u>38,575</u>
Total revenue	<u>7,813,768</u>

**Expenses:**

Selling	2,267,425
General and administrative	4,547,180
Producer unit purchases	(199,328)
Interest expense	<u>5,907</u>
Total operating expenses	<u>6,621,184</u>
Net income	<u><u>\$ 1,192,584</u></u>

See accompanying notes to financial statements.

**LOCKTON FINANCIAL ADVISORS, LLC**

## Statement of Changes in Members' Equity

Year ended April 30, 2020

	<b>Corporate unit</b>			
	<b>Paid-in capital</b>	<b>Retained earnings (deficit)</b>	<b>Producer units</b>	<b>Total</b>
Balance, April 30, 2019	\$ 510,000	281,732	1,542,966	2,334,698
Net income	—	1,192,584	—	1,192,584
Distributions to member	—	(750,000)	—	(750,000)
Change in producer units	—	—	(232,596)	(232,596)
Balance, April 30, 2020	<u>\$ 510,000</u>	<u>724,316</u>	<u>1,310,370</u>	<u>2,544,686</u>

See accompanying notes to financial statements.

# LOCKTON FINANCIAL ADVISORS, LLC

## Statement of Cash Flows Year ended April 30, 2020

Cash flows from operating activities:	
Net income	\$ 1,192,584
Adjustments to reconcile net income to net cash provided by operating activities:	
Producer unit purchases	(199,328)
Changes in operating assets and liabilities:	
Commissions and fees receivable	(87,379)
Cancellation reserve	(42,257)
Accounts payable	(5,049)
Prepaid expenses and other assets	(15,197)
Affiliates, net	310,669
Producer members receivable and payable	(82,809)
Accrued expenses	(159,479)
Payments for producer unit purchases	(87,358)
Deferred revenue	(24,621)
Net cash provided by operating activities	<u>799,776</u>
Cash flows from financing activities:	
Distributions to member	<u>(750,000)</u>
Net cash used in financing activities	<u>(750,000)</u>
Change in cash and cash equivalents	49,776
Cash and cash equivalents, beginning of year	<u>3,357,601</u>
Cash and cash equivalents, end of year	<u>\$ 3,407,377</u>
Supplemental disclosure of cash flow information:	
Cash paid for interest	\$ 262

See accompanying notes to financial statements.



# LOCKTON FINANCIAL ADVISORS, LLC

## Notes to Financial Statements

April 30, 2020

### **(1) Nature of Operations**

Lockton Financial Advisors, LLC (the Company), a subsidiary of Lockton Insurance Agency, LLC (Lockton), is organized in the state of Missouri. The Company is a limited liability company approved to conduct business as a registered broker-dealer in securities under the Securities Exchange Act of 1934. The Company is a k(1) exemptive status stand-alone broker-dealer, operating as a limited broker-dealer on its own behalf and is enabled to conduct securities activities, which may include the sale of variable contracts and mutual funds through employee benefit plans. The Company does not maintain custody or receive customer funds or securities; customer accounts are held by plan vendors. Furthermore, the Company does not maintain a clearing arrangement with any firm and handles individual accounts on an application-way basis direct with the fund company or carrier. In addition, the Company is a member of the Financial Industry Regulatory Authority (FINRA), and the Securities Investor Protection Corporation (SIPC) and is subject to the rules and regulations of each agency.

The Company is a subsidiary of Lockton, with Lockton (Corporate Member) owning the Corporate Unit. The associates who have the primary responsibility for establishing new client relationships (Producer Members) own the Producer Units. The Producer Members derive their compensation from the profits of the Company after providing a predetermined allocation of profits to Lockton as the holder of the Corporate Unit. While the legal form of payments to Producer Members is a capital distribution, the Company reflects such payments in the statement of operations as selling expenses. Profits of the Company used to determine Producer Member compensation (Producer Profit Return) generally represent revenue less selling and general and administrative expense.

### **(2) Summary of Significant Accounting Policies**

#### ***(a) Use of Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

#### ***(b) Revenue Recognition***

The Company's revenue is comprised principally of commissions paid by the plan vendors and fees paid directly by clients for consulting services related to qualified retirement plans and non-qualified executive benefit programs. Commission revenue from plan vendors generally represents a percentage of the fair value of the plan assets held on account by the customer and is materially affected by fluctuations in the fair value of the assets in the plan. Commissions received directly from the plan vendor and fees paid directly by clients are recognized as performance obligations are met, generally over time for compliance services and investment monitoring. Fees for upfront services such as plan implementation are recognized at a point in time as the performance obligation is met. Payment terms are commensurate with the underlying performance obligations and no significant judgements were made in applying the revenue recognition policy.

# **LOCKTON FINANCIAL ADVISORS, LLC**

## **Notes to Financial Statements**

**April 30, 2020**

A cancellation reserve is recognized for commissions that are subject to chargeback and is estimated based on historical chargeback rates. This reserve is recorded in commissions and fees revenue on the statement of operations.

Under current revenue recognition guidance, the Company is required to capitalize costs to obtain or fulfill a contract that are expected to be recovered and amortize on a systematic basis consistent with the pattern of the transfer of the good or services. The Company elected the practical expedient to expense sales commissions as incurred related to contracts that are one year or less. The Company has no significant instances of long duration contracts that would result in sales commissions amortizing outside of the current reporting period, and therefore has no contract costs capitalized for these arrangements. In accordance with the Company's operating agreement, sales commission are recognized commensurate with the fulfillment of performance obligations and recognition of revenue. Costs to fulfill a customer contract are not significant in the context of the guidance.

Contingent commissions may be paid to the Company by insurance carriers based on retention of clients and the volume of business placed with or through such insurance carriers related to nonsecurities-based insurance products. Contingent commissions are recorded in the period that the underlying policies contributing to the achievement of the volume and profitability are placed. In 2020, contingent commissions represented 1% of total revenue. Such commissions are estimated and constrained to an amount that is probable to not have a significant negative adjustment.

Interest income is recognized as earned and realized or realizable.

**(c) *Cash and Cash Equivalents***

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. At April 30, 2020, cash and cash equivalents consisted of a commercial checking account and a money market mutual fund.

**(d) *Producer Members Receivable and Payable***

Producer Members receive advances throughout the year based upon estimated annual Producer Profit Return as defined in the Company's operating agreement. At the end of each fiscal year, each Producer Member's Producer Profit Return is adjusted to the actual amount earned based on the economic performance of the Company. This adjustment results in some Producer Members having a debit balance in their capital account as a result of an over distribution and other Producer Members having a credit balance in their capital account resulting from the actual Producer Profit Return exceeding distributions made throughout the year. These amounts due from/to Producer Members are reflected as Producer Members receivable or payable, respectively, in the balance sheet.

**(e) *Income Taxes***

The Company is considered a "pass-through" entity under the Internal Revenue Code and, therefore, does not pay federal corporate income taxes on its taxable income. Instead, income is reported on its

# LOCKTON FINANCIAL ADVISORS, LLC

## Notes to Financial Statements

April 30, 2020

members' federal income tax return. Accordingly, no income taxes have been recorded in the financial statements for the year ended April 30, 2020.

### **(f) Fair Value of Financial Instruments**

Under existing authoritative accounting guidance, fair value is defined as the price that the Company would receive upon selling an investment or pay to transfer a liability in an orderly transaction to a market participant in the principal or most advantageous market for the investment. At April 30, 2020, the carrying amounts of financial assets and liabilities reported in the accompanying balance sheet for cash and cash equivalents approximate fair value because of the short-term nature of these financial instruments.

Authoritative accounting guidance emphasizes that valuation techniques maximize the use of observable market inputs and minimize the use of unobservable inputs. Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances. The Company classifies the inputs used to measure these fair values into the following hierarchy as defined by current authoritative accounting guidance:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

### **(3) Producer Unit Purchases**

In exchange for certain restrictive covenants and other considerations from Producer Members, the Company has the option to purchase each Producer Member's Producer Unit upon his/her termination.

The agreement to purchase the Producer Members' interest is applicable to all Producer Members and valued based on 25% of the Producer Members' average annual revenue for the preceding three fiscal years and change in value of the Company for the final six months of membership.

The purchase is subject to put and call features and is only mandatory upon the death or permanent and total disability of a Producer Member. The Producer Unit meets the attributes for equity classification and, accordingly, is reported as a noncontrolling interest and displayed as a separate component of equity in the statement of changes in members' equity with the related expense recognized in the statement of operations.

Once exercised, the purchase obligation is no longer subject to the attributes of equity ownership and, thus, is reclassified from a component of equity to a liability. For the five-year period that payment of the obligation

# LOCKTON FINANCIAL ADVISORS, LLC

## Notes to Financial Statements

April 30, 2020

is being made, the Company and the Producer Members have agreed that such payments will be funded through a charge of 50% of the purchase obligation to the profits attributable to the Producer Members. However, as future profits of the Company are not guaranteed, U.S. generally accepted accounting principles do not allow for the establishment of a receivable from the future profits attributable to Producer Members. Consequently, despite its belief that only 50% of the cost of purchasing Producer Members' interest will be funded from profits attributed to the Corporate Unit, the Company has provided a noncontrolling interest and related expense as if it will solely fund the Producer Unit purchase.

Producer Unit activity within noncontrolling interest during the year ended April 30, 2020 is as follows:

Balance, April 30, 2019	1,542,966
Producer Unit purchases	(32,668)
Producer Unit expense	(199,328)
Producer Member capital distributions, net	(600)
Balance, April 30, 2020	<u>\$ 1,310,370</u>

The liability for Producer Unit purchases had the following activity during the year ended April 30, 2020:

Balance, April 30, 2019	202,788
Producer Unit purchases	32,668
Payments	<u>(87,358)</u>
Balance, April 30, 20120	<u>\$ 148,098</u>

Because the Company intends for this purchase to be an end-of-career transaction between the Company and the Producer Member, it does not anticipate significant cash requirements in the near term. Committed future payments at April 30, 2020 resulting from terminations and retirements are as follows:

Year ending April 30:	
2021	39,480
2022	36,206
2023	36,206
2024	36,206
2025	<u>—</u>
Total	<u>\$ 148,098</u>

### (4) Transactions with Affiliates

The Company and its Producer Members receive services from affiliated entities. These services include, but are not limited to, general executive management, general legal counsel, treasury, tax, financial accounting,

## **LOCKTON FINANCIAL ADVISORS, LLC**

### **Notes to Financial Statements**

**April 30, 2020**

advertising, information technology services, subscriptions, insurance, professional services, bank fees, office accommodations, clerical services, customer account service support, and various other support functions. Fees paid for these services were \$4,236,876 for the year ended April 30, 2020. These charges are an allocation of costs incurred by the affiliated entities and are accounted for in accordance with agreements among these parties.

At April 30, 2020, the Company had a net payable to affiliates of \$667,573 for payments made in the ordinary course of business on behalf of the Company by its affiliates.

These transactions with affiliates are accounted for in accordance with agreements among these parties. There can be no assurance that such transactions would have occurred under the same terms and conditions with an unrelated party.

#### **(5) Net Capital Requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), and treated as a registered broker-dealer, which requires the maintenance of minimum net capital defined as the greater of \$25,000 or a ratio of aggregate indebtedness to net capital. As of April 30, 2020, the Company had net regulatory capital of \$2,083,073, which is \$1,998,305 in excess of required net capital.

#### **(6) Subsequent Events**

On June 1, 2020, the Company changed their name from Lockton Financial Advisors, LLC to Lockton Investment Securities, LLC.

The Company's operations may be affected by the ongoing outbreak of the coronavirus disease 2019 (COVID-19), which was declared a pandemic by the World Health Organization in March 2020. The full extent and duration of the impact of COVID-19 on the Company's operations and financial position is currently unknown and depends on uncertain and unpredictable developments. Management does not believe COVID-19 will negatively impact the long-term operations of the Company.

The Company has evaluated subsequent events from the balance sheet date through June 25, 2020, the date at which the financial statements were available to be issued and determined there are no other items to disclose.

#### **(7) Recently Issued Accounting Pronouncements**

In February 2016, the FASB issued new guidance that requires a lessee to recognize the lease assets and lease liabilities arising from operating leases with lease terms exceeding 12 months in the balance sheet. The new guidance is effective for fiscal years beginning after December 15, 2018. The Company evaluated contracts for explicit and implicit lease terms and determined this standard did not have a material impact on the financial statements for the fiscal year ending April 30, 2020.

## Schedule I

## LOCKTON FINANCIAL ADVISORS, LLC

Computation of Net Capital under Rule 15c3-1 of the  
Securities and Exchange Commission

April 30, 2020

Net capital:	
Total members' equity	\$ 2,544,686
Total members' equity qualified for net capital	<u>2,544,686</u>
Add additions to net worth	—
Less nonallowable assets	<u>408,827</u>
Net capital before haircuts	2,135,859
Less haircuts and undue concentration	<u>52,786</u>
Net capital	<u>2,083,073</u>
Aggregate indebtedness	1,271,518
Percentage aggregate indebtedness to net capital	61.04%
Computation of net capital requirements:	
Minimum net capital requirements**	<u>84,768</u>
Excess net capital	\$ <u><u>1,998,305</u></u>

Net capital, as computed above, does not differ materially from that reported by the Company in Part IIA of the unaudited FOCUS Report on Form X-17A-5, June 8, 2020, at April 30, 2020.

\*\* The minimum net capital required is calculated by taking the greater of \$25,000 or 6.67% of Aggregate Indebtedness at April 30, 2020. 6.67% of Aggregate Indebtedness was calculated to be \$84,768 (\$1,271,518 x 6.67% = \$84,768).

See accompanying report of independent registered public accounting firm.

**LOCKTON FINANCIAL ADVISORS, LLC**

Computation of Determination of Reserve Requirements  
under Rule 15c3-3 of the Securities and Exchange Commission

April 30, 2020

This computation is not applicable to Lockton Financial Advisors, LLC, as the Company qualifies for exemption under Rule 15c3-3 (k)(1) at April 30, 2020.

See accompanying report of independent registered public accounting firm.

**LOCKTON FINANCIAL ADVISORS, LLC**

Information Relating to Possession or Control Requirements  
under Rule 15c3-3 of the Securities and Exchange Commission

April 30, 2020

Information relating to possession or control requirements is not applicable to Lockton Financial Advisors, LLC, as the Company qualifies for exemption under Rule 15c3-3 (k)(1) at April 30, 2020.

See accompanying report of independent registered public accounting firm.



## **LOCKTON FINANCIAL ADVISORS, LLC**

Independent Accountant's Review Report  
on Management's Assertion Pursuant to  
Exemption from 17 C.F.R. §240.15c3-3 (k)

**APRIL 30, 2020**



THE FIRM FOR GROWTH.



THE FIRM FOR GROWTH.®

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors  
Lockton Financial Advisors, LLC  
Kansas City, Missouri

We have reviewed management's statements, included in the accompanying Exemption Report, in which (1) Lockton Financial Advisors, LLC identified the following provisions of 17 C.F.R. §15c3-3(k) under which Lockton Financial Advisors, LLC claimed an exemption from 17 C.F.R. §240.15c3-3: (k)(1) (the "exemption provision") and (2) Lockton Financial Advisors, LLC stated that Lockton Financial Advisors, LLC met the identified exemption provisions for the year ended April 30, 2020, without exception. Lockton Financial Advisors, LLC's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about Lockton Financial Advisors, LLC's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(1) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Brown Smith Wallace, LLP*

BROWN SMITH WALLACE, LLP  
St. Louis, Missouri  
June 25, 2020



## EXEMPTION REPORT

**Lockton Financial Advisors, LLC** (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. §240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

1. **Lockton Financial Advisors, LLC** claimed an exemption from SEC Rule 15c3-3 under the provisions in paragraph of (k) (1) throughout the fiscal year May 1, 2019 to April 30, 2020.
2. **Lockton Financial Advisors, LLC** met the identified exemption provisions in SEC Rule 15c3-3(k) (1) throughout the fiscal year May 1, 2019 to April 30, 2020 without exception.

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**Lockton Financial Advisors, LLC**

I, Pamela A. Popp, swear (or affirm) that, to the best of my knowledge and belief, this Exemption Report is true and correct.

Sign: \_\_\_\_\_

Date: 6/25/2020

**Pamela A. Popp**  
**President**  
**Lockton Financial Advisors, LLC**  
**444 W 47th St., Suite 900**  
**Kansas City, MO 64112**  
**SEC filing # 8-67090**  
**Firm ID # 137476**

LOCKTON FINANCIAL ADVISORS, LLC  
LOCKTON INVESTMENT ADVISORS, LLC  
444 W 47th Street, Suite 900 / Kansas City, MO 64112-1906  
816.960.9000 / FAX: 816.783.9000  
[www.lockton.com](http://www.lockton.com)

Securities offered through Lockton Financial Advisors, LLC, a registered broker-dealer and member FINRA, SIPC.  
Investment advisory services offered through Lockton Investment Advisors, LLC, an SEC-registered investment advisor